



PRESS RELEASE

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2008 RESULTS - 2009 OUTLOOK for LA BANQUE POSTALE

In 2008, La Banque Postale confirmed its unique position in the French retail banking market

2009: La Banque Postale is offering its customers ever more support in these uncertain times

**2008 Net Banking Income: €4,815 million
(+4.6% excluding provisions for PEL/CEL home savings products,
the Euronext effect
and provisions for permanent or material impairment)
Customer deposits at end-2008: €270.6 billion (+7%)
Gross Operating Profit: €400 million (-22.2%)
Consolidated Net profit: €302.6 million (-43.9%)
Cost to income ratio: 91.8%
Tier 1 ratio: 10.7%**

Patrick Werner, Chairman of the Executive Board of La Banque Postale, today presented the Bank's 2008 financial statements and business review and discussed the outlook for 2009.

In 2008, La Banque Postale accounted for 22.9% of the €20.8 billion in consolidated turnover posted by the La Poste Group.

In its third year of operation, La Banque Postale was able to grow despite the unprecedented conditions induced by an economic crisis, a liquidity crisis and a crisis in confidence. Against this challenging background, which saw a generalised fall in asset values, La Banque Postale was able to continue expanding at a rate unparalleled in the market, and to demonstrate the strength of its model.

Thanks to the high quality of its financial management, La Banque Postale is the French bank least affected by the crisis, and does not hold any toxic assets. The Bank's balance sheet shows tremendous financing capacity and sufficient capital adequacy to support its growth, sparing it from having to call on public funds.

In 2008, the extraordinary commercial strength of La Banque Postale thus resulted in its market share growing across all its businesses. The Bank was also able to prepare for the widespread availability of Livret A savings accounts, and continued to build a comprehensive range of products and services for its private customers.

▪ La Banque Postale's performance and results in 2008

> In 2008, La Banque Postale's Net Banking Income **rose 4.6% to €4,815 million, excluding changes in provisions for its home savings products, the Euronext effect and provisions for permanent or material impairment.** On an accounting basis, the increase amounted to 1.5%.



In 2008, La Banque Postale generated a **Gross Operating Profit of €400 million, down €114.5 million on 2007**. €96.5 million of the decline came from a lower share of profit from companies accounted for by the equity method, with the financial crisis also impacting results at CNP Assurances. **The Consolidated Net profit for the year amounted to €302.6 million. Accordingly, the bank's cost to income ratio came in at 91.8%, and the Tier 1 ratio at 10.7%.**

These results stemmed from:

- growth in consolidated Net Banking Income, including €2,323 million in net interest margin and net commission of €1,653 million;
- a cost of risk that remains subdued, despite a €94.5 million increase as a result of the bankruptcy of Lehman Brothers. Outside this, the cost of risk remained remarkably subdued, and only rose in line with growth in customer loans;
- the negative impact of falling asset values, which affected results via the contribution of CNP Assurances, and more directly the Bank itself, as well as changes in provisions, including in respect of home savings products (-€78 million).

> La Banque Postale's commercial strength was confirmed in 2008. La Banque Postale registered record levels in 2008, especially with regard to new Inflows (€16.7 billion) and home loans. The number of active customers continued to rise, as did the number of products per customer.

. With **11.2 million postal current accounts (CCP)**, La Banque Postale confirmed its position as a major French retail bank, both in terms of the number of accounts opened and the number of daily money management products per customer (bundled service offers, payment cards, etc.). Thus, over 740,000 new accounts were opened in 2008.

This sustained growth in the number of accounts is attributable to the reputation and image La Banque Postale has built up and the values it promotes in terms of its pricing policy, convenience, accessibility of its product offering and security.

At 31 December 2008, La Banque Postale had 9.53 million active customers, with over 728,000 asset management customers.

. The Bank had a record year in home loans in 2008, and was able to keep lending terms the same all year long. The strength of its balance sheet meant that the Bank had sufficient liquidity to continue extending home loans at attractive rates, without having to restrict customer access.

New home loans thus rose to over €7.7 billion in 2008, 15.1% up on 2007, with as a result the Bank gaining 1.7 percent market share. **Total outstanding loans rose to over €29 billion**, up in excess of 18% on 2007.

In total, La Banque Postale helped some 106,000 households to buy or renovate. Nearly one third of the loans granted were to young people.

. **Over 21 million customers have a La Banque Postale Livret A savings account. At 31 December 2008, total Livret A deposits amounted to €59 billion, up 15.6%. New deposits, substantial all year long, came to €6 billion.** In order to prepare for the widespread availability of the Livret A, La Banque Postale has defended its Livret A and existing deposits with a customer loyalty programme in 2008, and two advertising campaigns promoting the benefits of the French people's preferred product: "I ♥ L. A" and "Livret A Puissance 10". Supported by two successive increases in interest rate paid on the account and the fall in stock markets, these campaigns created a rush with over **one million Livret A accounts being opened in 2008.**

. La Banque Postale's Life Insurance gross premiums amounted to close to **€11.5 billion in 2008, down 3.4% (compared to -10.6% for the market as a whole), including the impact of Fourgous transfers, and up 10.7% excluding these transfers**. These results are attributable to the range of attractive contracts and an enhanced product offering - notably in euro linked products to respond to the fall in the financial markets - and the launch of a new standing insurance contract.

. After a remarkable 2007, the health and personal risk insurance business continued to perform strongly in 2008. Customers took out more than **458,000 new health and personal risk insurance contracts** in 2008, and **gross premiums were up 5.6% to €200 million**.

With **one of the most comprehensive health and personal risk insurance offerings on the market**, La Banque Postale further strengthened its position in the health and personal risk insurance market, **ranking 3rd among all bancassurance companies with a portfolio of close to 1.9 million individual contracts, up 19% on 2007**.

▪ **With the exception of CNP Assurances, La Banque Postale's subsidiaries and associates made a strong contribution to results**

La Banque Postale's subsidiaries and holdings are closely integrated with the business of the Bank. Providing specialised skills, they played in 2008 an increasingly important strategic, financial and technical role. Held for the most part via the SF2 holding company, they made a considerable contribution to La Banque Postale's performance.

CNP Assurances confirmed its strength. While net profit before extraordinary items and tax rose substantially and came in higher than expected, the fall in financial markets meant that its contribution to La Banque Postale's consolidated profit was limited (-42% to €131 million).

La Banque Postale Asset Management (LBPAM) held up remarkably well in the crisis and grew considerably. It posted a €20.2 million net profit for 2008, up over 14% on 2007. At nearly €7 billion, net inflows shattered all records, placing La Banque Postale second among the large networks in respect of inflows in 2008 and growing the Bank's total assets under management by 5.4% - while the market as a whole fell by nearly 18%. At 31 December 2008, LBPAM had close to €109 billion in assets under management, making it the 6th largest asset management company in France. €67 billion of these assets under management stem from a mandate given LBPAM by CNP Assurances at the end of 2008.

La Banque Postale Prévoyance, a 50/50 joint venture with CNP Assurances, is responsible for the range of health and personal risk insurance products marketed by La Banque Postale. **It posted a net profit for the year of close to €17 million on gross premiums of €320 million**.

Sogerco is a wholly-owned subsidiary La Banque Postale's insurance brokerage. Sogerco's revenue rose 5.6% over the year, from €33.5 million to €35.4 million, and its net profit for the year amounted to €19.4 million, up 0.6% on 2007.

▪ **2009: La Banque Postale is offering its customers ever more support in these uncertain times**

2009 looks like being an uncertain and challenging year. La Banque Postale must remain responsive and take appropriate steps to deal with the many uncertainties, such as the duration of the crisis, arbitrage between savings and consumption, interest rate levels, changes in asset values, and the effects of opening up Livret A savings accounts in all banks.

In 2009, exclusive negotiations will be finalised with Groupama regarding the distribution of general insurance products and the launch of a consumer credit offering.

La Banque Postale's multi-partner strategy is designed to allow it to better serve its customers, drive growth and profitability and add to La Poste Group's business portfolio.

La Banque Postale also intends to drive growth through its top-quality selection of products and services for its individual, business, local authority and non-profit customers.

> On 20 June 2008, La Banque Postale published a request for proposals to select its partner for its general insurance offering. At the end of a highly detailed process involving the analysis of several industrial, financial and legal criteria, at its 11 March 2009 Supervisory Board meeting, **La Banque Postale decided to enter into exclusive negotiations with Groupama**. The definitive agreements are expected to be finalised by the end of the year.

This partnership will result in the creation of a joint venture specialised in general insurance, in which La Banque Postale will be the majority shareholder.

As a late entrant into the private general insurance market, La Banque Postale intends, with the support of its partner, to "invent" the new business model for the next decade, one that will allow the joint venture created between La Banque Postale and its partner to quickly carve out its place in the market by providing customer satisfaction while creating shareholder value.

> In July 2008, La Banque Postale selected Société Générale as its exclusive partner for the creation and marketing of its new consumer loans offering.

This partnership will lead to the formation of a **joint venture**, with La Banque Postale holding 65% and Société Générale 35%.

Pending the authorisation of the French Credit Institutions and Investment Firms Committee (CECEI (the French bank regulator)), the new entity will be called **La Banque Postale Financement** and is to be a French public limited company governed by a Management Board and Supervisory Board.

By providing a responsible range of credit products built around personal loans, multi-channel distribution (accessible through the post office network, by telephone or online), La Banque Postale Financement will seek to broaden access to consumer credit by reaching out to as many potential customers as possible, including those of the most modest means or who are traditionally refused access to consumer credit products.

A trial phase to test the product offering and all procedures and systems is planned for autumn 2009, with a wide-scale effective operational launch in early 2010.

> With its considerable experience of dealing with private individuals and close monitoring of changing consumption patterns, La Banque Postale will shortly develop a **new offering in the field of everyday banking**.

> Starting in April 2009, La Banque Postale will be offering a multi-product, multi-manager and, for the first time, management mandate (for a) life insurance contract. In addition to self-management, *Excelis*, the new high-end contract offers a selection of two management mandate methods:

- a "100% UCITS" option;
- an option including both individual stocks and UCITS.

This contract complements the new, highly-successful *Cachemire* high-end life insurance contract launched at the end of 2008.

> Using **Easybourse**, a financial information website, La Banque Postale will, by the end of the first half of 2009, provide online brokerage services that complement those provided since November 2001 via La Banque Postale's own portal: www.labanquepostale.fr. Easybourse will offer the Bank's customers a full range of services for the main markets, financial instruments and types of orders, and will continue to provide financial data and (financial) educational content.

> On 4 February 2009, La Banque Postale signed a partnership agreement with the French Government – represented by Hervé Novelli, Secretary of State for Commerce, Trades, Small and Medium Enterprises, Tourism and Services – in order to aid a newly launched simplified business form in France: the **auto-entrepreneur**.

At the end of March 2009, La Banque Postale will rally all its distribution channels in order to make *auto-entrepreneurs* feel as welcome as possible and to assist and advise them. The Bank will also provide them with the simplified banking solutions that are necessary for the creation and development of their businesses, all at competitive rates. To launch this new offering, La Banque Postale will waive all account and online banking fees in 2009 on all new customers who sign up before 30 September 2009. This offering will be expanded even further over the coming months.

> With its strong values and commitment to sustainable development, La Banque Postale is going to expand its *Pactys* loan range by offering its customers a new **Eco Loan: the ECO-PTZ**. In late February 2009, the Bank, the French Government and other banking institutions entered into an agreement to establish an interest-free Eco-loan to finance home insulation renovation.

This new product complete the *Pactys* Range and allows the Bank to respond effectively to all the funding needs of its customers.

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La Banque Postale intends to maintain and accelerate the progress made over its first three years, while remaining faithful to its public service role, driving growth, effectively containing costs, open to all types of initiatives and any partnerships that will enable it to better meet its customers' expectations and progressively establishing a comprehensive product and service offering. La Banque Postale will carry on its expansion leaning on the network of Post Offices first an dits multi-channel strategy.

The confidence of its customers, the commitment of the Bank's staff, the quality of its management and strength of its balance sheet provide La Banque Postale with the best possible means of achieving its goal.

In 2009, more than ever, La Banque Postale will place its customers' interests ahead of its own.

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La Banque Postale – Key figures

- €4.815 billion in Net Banking Income
- 11.2 million postal bank accounts
- 9.53 million customers having La Banque Postale as first banking provider
- 480,000 business, local authority and non-profit customers
- 5,191 ATMs in France
- €270.6 billion in customer deposits
- Over 6 million bank cards (11% market share)
- 17,000 outlets

Figures at the end at 31 December 2008

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